

Renewable Fuel Infrastructure Bill House File 2759

FINAL ACTION

May 1, 2006

Executive Summary Only

An Act relating to renewable fuel, by providing for the appropriation of moneys to support renewable fuel infrastructure, providing for tax credits, and providing contingent and other effective dates.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

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**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2759
RENEWABLE FUEL INFRASTRUCTURE BILL**

FUNDING SUMMARY

**RENEWABLE FUEL
INFRASTRUCTURE FUND**

AMENDS HOUSE FILE 2754

**UNDERGROUND STORAGE TANK
FUND APPROPRIATION**

TRANSFER OF COST-SHARE FUNDS

- Appropriates a total of \$13.0 million to the Renewable Fuel Infrastructure Fund for FY 2007 through FY 2009 for costs associated with installation or conversion of renewable fuel infrastructure. The Bill also annually appropriates \$300,000 from the Renewable Fuel Infrastructure Fund to the Department of Agriculture and Land Stewardship (DALs) for FY 2007 and FY 2008 for costs associated with motor fuel inspection. In addition, the Bill transfers an estimated total of \$650,000 to the Fund from the current cost-share program administered by the Department of Economic Development (DED). The Bill also makes numerous technical changes to HF 2754 (Renewable Fuel Incentive Bill).
- Creates a Renewable Fuel Infrastructure Fund under control of the DED. The Fund will contain moneys appropriated by the General Assembly, in addition to federal and private funds. Moneys in the Fund are appropriated to the DED exclusively to support the Renewable Fuel Infrastructure Programs, as allocated in financial incentives by the Renewable Fuel Infrastructure Board established in HF 2754.
- Modifies the annual standing appropriation of \$35.0 million from the Grow Iowa Values Fund to the DED for FY 2007 through FY 2015. For FY 2007 through FY 2009, \$33.0 million is provided to the DED for business start-up, expansion, and retention activities, and \$2.0 million is appropriated for deposit into the Renewable Fuel Infrastructure Fund. For the period of FY 2010 through FY 2015, the full \$35.0 million is provided for business activities.
- Annually allocates up to \$50,000 of the \$2.0 million appropriation to the DED for FY 2007 through FY 2009 for costs associated with administering the Renewable Fuel Infrastructure Programs.
- Amends HF 2754 as follows:
 - Clarifies how taxpayers with a tax year start date other than January 1 are to calculate tax credits.
 - Provides that all ethanol tax credits will sunset on January 1, 2021.
- Provides an annual appropriation of \$3.5 million for FY 2007 and FY 2008 from the Iowa Comprehensive Petroleum Underground Storage Tank Fund to the Renewable Fuel Infrastructure Fund.
- Transfers moneys provided in Section 15.401, Code of Iowa, to the Renewable Fuel Infrastructure Fund to be expended on the Renewable Fuel Infrastructure Programs. Section 15.401, Code of Iowa, provides a cost-share program administered by the DED from FY 2006 through FY 2008 for the installation or conversion of E-85 retail outlets and biodiesel terminal facilities. The total amount awarded is not to exceed \$325,000 annually. The total amount to be transferred from the cost-share program to the Renewable Fuel Infrastructure Fund is estimated to be \$650,000.

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NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2759
RENEWABLE FUEL INFRASTRUCTURE BILL**

MOTOR FUEL INSPECTION

MOTOR FUEL QUALITY SCHEDULE

FISCAL IMPACT

EFFECTIVE DATE

ENACTMENT DATE

- Annually appropriates \$300,000, or the amount necessary, to the DALs for FY 2007 and FY 2008 for the inspection of motor fuel, including salaries and support of 3.0 FTE positions. The DALs is required to establish and administer programs for the auditing and inspection of motor fuel, including renewable fuel.
- Requires the DALs to annually adopt a Motor Fuel Quality Assurance Schedule to assure that motor fuel meets all statutory tests and standards. On or before June 1 of each year, the Secretary of Agriculture is required to certify the amount required to implement the improvements required for the next fiscal year to the Director of the Department of Management (DOM) and the Fiscal Services Division of the Legislative Services Agency (LSA).
- The DOM is required to conduct a review of the scheduled improvements for that fiscal year and may reduce the amount certified if the DOM determines that a lesser amount is adequate. The Director of the DOM and the Secretary are to report the findings to the Legislative Oversight Committees.
- For each fiscal year, of the moneys appropriated to each State agency to support the production or use of renewable fuel, the DOM is required to transfer a prorated share of the State agency's appropriation that is necessary to satisfy the amount required to comply with the schedule of improvements for that fiscal year. The DOM is required to identify each affected appropriation and notify each Department head of the transfer of the prorated share on or before June 15 of each year.
- The Bill annually appropriates \$300,000, or the amount necessary, to the DALs for FY 2007 and FY 2008 for the inspection of motor fuel, including salaries and support of 3.0 FTE positions. The DALs provided the following information regarding the estimated costs associated with motor fuel inspection:
 - FY 2007: \$809,000 for the following costs:
 - 3.0 Field Auditors (\$137,000), 3.0 Weights and Measures Inspectors (\$107,000), and 1.0 Administrative Assistant II (\$43,000).
 - Travel and vehicle depreciation (\$47,000).
 - Equipment (\$418,000).
 - Sending out 10 samples per week to an out-of-state laboratory at a cost of \$110 per sample (\$57,000).
 - FY 2008: \$600,000 for the same costs as FY 2007, less \$209,000 for equipment.
- The Section of the Bill relating to the Motor Fuel Quality Assurance Schedule takes effect on enactment.
- The Bill was approved by the General Assembly on May 1, 2006. Enactment is contingent on enactment of HF 2754. House File 2754 was approved by the General Assembly on April 12, 2006.